

PPPs in Fragile and Conflict-Affected States (FCS)

Full Description

Private sector investment is essential to support the budgets of governments to deliver basic infrastructure services. Especially in the developing world, PPPs can enhance the scope, quality and timely delivery of basic public services. However, a number of factors make it difficult for the private sector to get involved in the delivery of infrastructure services in developing countries. These challenges are even greater in countries that are affected by fragility and conflict, also known as fragile and conflict-affected situations, or **fragile and conflict-affected states (FCS)**.

Countries are classified as FCS for diverse reasons. The [OECD Principles for Good International Engagement in Fragile States](#) describe FCS as facing specific development challenges, such as “weak governance, limited administrative capacity, chronic humanitarian crisis, persistent social tensions, violence or the legacy of civil war.” FCS have also have the highest vulnerability to climate change risks, natural disasters, pandemics and global economic crisis.

Conflict-affected states differ from post-conflict states, and fragility takes different forms depending on the strength of their institutions and their ability to enforce the rule of law. A legacy of corruption and cronyism hinders trust between the public and private sector ([How Can Multinationals Engage with Government to Support Economic Development?](#) by Nelson, Jane, Brookings Institution 2014, p.10). These conditions create an **unstable and high-risk business environment** that is likely to deter the private sector from getting involved. More than 70 percent of FCS rank in the bottom quartile of the [World Bank Group’s Doing Business](#) rankings. In addition, **essential infrastructure facilities are usually scarce and in poor condition**; access to public services is limited; and the **quality of service delivery is poor**. The OECD report on [Service Delivery in Fragile Situations](#) shows that the lack of government capacity to provide services creates a vicious cycle of poverty that reinforces fragility and may exacerbate or renew conflict.

This section of the Public-Private Partnership Legal Resource Center (PPPLRC) gives an overview of common success factors for private engagement in FCS and models that are often used and provides tools, publications and sample legal documents that have been developed and implemented with a view to incentivize private investment in low-income, fragile and conflict-affected environments and respective case studies. A specific focus is on how the legal environment may contribute to promoting private sector involvement under otherwise difficult circumstances.

For the purpose of this section, the term FCS refers to those countries included in the World Bank’s Harmonized List of Fragile Situations. The topic directly aligns with many other topic pages on the site that have a focus on the most vulnerable and marginalized people in countries impacted by fragility, conflict, and violence, in particular [PPP for the Poor](#) and [Gender Equality & PPPs](#) but also [Climate-smart PPPs](#), as well as [Small and Medium Enterprises & PPPs](#).

1. [Models for Private Sector Engagement in FCS](#)

- [Purely private investment](#)
- [Management contract](#)
- [O&M contract](#)

2. Success Factors for Private Engagement in FCS

- Robust institutional, legal and regulatory framework applicable to privately financed infrastructure
- Competitive and transparent procurement processes
- Protection of investors and lenders
- Including the private sector in the reform dialogue
- Including competent transaction advisors
- Government support
- Support from Development Finance Institutions (DFIs)
- Affordability of tariffs for local users
- Access to skilled labor
- Access to land
- Building a track record of successful small PPP projects
- Scaling up access to energy and other basic infrastructure services

3. PPP Institutional, Legal, and Regulatory Frameworks in FCS

- PPP Policies, Laws and Regulations in FCS
- Sector-specific policies, laws, regulations and guidelines in FCS
 - ICT
 - Power
 - Water

4. [Sample PPP Project Documents, Contracts and Contractual Provisions in FCS](#)

- [Power](#)
- [Transport](#)
- [Water](#)

5. [Case Studies in FCS](#)

- [Infrastructure](#)
- [Information and communications technology \(ICT\)](#)
- [Power](#)
- [Solid Waste Management](#)
- [Tourism](#)
- [Transport](#)
- [Water](#)

6. [Further Reading and Resource on FCS](#)

Related Content

[PPPs in Fragile and Conflict-Affected States \(FCS\)](#)

[Models for Private Sector Engagement in FCS](#)

[Success Factors for Private Engagement in FCS](#)

[PPP Institutional, Legal, and Regulatory Frameworks in FCS](#)

[Sample PPP Project Documents, Contracts and Contractual Provisions in FCS](#)

[Case Studies in FCS](#)

[Further Reading and Resources on FCS](#)

Additional Resources

[Infrastructure in Fragile and Conflict-Affected States](#)

Related Content Child Sub Section

[Models for Private Sector Engagement in FCS](#)

[Success Factors for Private Engagement in FCS](#)

[PPP Institutional, Legal, and Regulatory Frameworks in FCS](#)

[Sample PPP Project Documents, Contracts and Contractual Provisions in FCS](#)

[Case Studies in FCS](#)

[Further Reading and Resources on FCS](#)